

Message Text

LIMITED OFFICIAL USE

PAGE 01 BERN 03863 271505Z

70

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 L-03 SEC-01 CIAE-00 INR-07

NSAE-00 FRB-03 TRSE-00 /034 W

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R 271415Z AUG 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC 3090

LIMITED OFFICIAL USE BERN 3863

EO 11652: NA

TAGS: EFIN SZ

SUBJ: INQUIRIES FROM SWISS BANK AS TO POSSIBLE VIOLATION SEC OR
OTHER US LAWS AND REGULATIONS

1. SWISS BANK HAS COME TO US WITH THE FOLLOWING INQUIRY:
A MEMBER FIRM OF THE CHICAGO MERCANTILE EXCHANGE - INTER-
NATIONAL MONETARY MARKET, WHICH THE BANK UNDERSTANDS WAS
ORGANIZED TO DEAL IN CURRENCY CONTRACT FEATURES, HAS A CAYMAN
ISLANDS SUBSIDIARY, AND IS BORROWING FAIRLY
HEAVILY THROUGH THAT SUBSIDIARY TO FINANCE ITS OPERATIONS
IN THE FOREIGN EXCHANGE MARKET. FIRM'S REFERENCES SEEM IN
ORDER BUT THE BANK IS CONCERNED THAT TRANSACTIONS OF THIS
TYPE THROUGH THE CAYMANS MAY BE IN VIOLATION OF SEC OR IRS
REGULATIONS, AND WONDERS WHY THE PARENT FIRM IS NOT BORROWING
DIRECTLY RATHER THAN GUARANTEEING PAYMENT OF LOANS GRANTED
ITS CAYMAN SUBSIDIARY AND BORROWING THROUGH THAT SUBSIDIARY.

2. ACTION REQUESTED: WE WOULD LIKE TO BE RESPONSIVE TO
THIS INQUIRY, AND WILL ATTEMPT TO OBTAIN ADDITIONAL INFORMATION,
IF REQUIRED, IN ORDER TO BE ABLE TO ANSWER THE
QUESTION WHETHER TRANSACTIONS OF THIS TYPE THROUGH THE CAYMANS
MAY BE IN VIOLATION OF SEC OR IRS 55.01BKET

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NNN

Message Attributes

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Disposition Case Number: n/a
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Disposition History: n/a
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